

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 21 SEPTEMBER 2016

Title of report	ANNUAL GOVERNANCE STATEMENT 2015-16
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Purpose of report	To present the Annual Governance Statement 2015-16 for consideration and approval.
Reason for Decision	To ensure that members of the Committee have considered the Council's governance during 2015-16 and agreed the report.
Council Priorities	Value For Money
Implications:	
Financial/Staff	Not Applicable
Link to relevant CAT	Could impact on all CATs.
Risk Management	Failure to produce an accurate and comprehensive AGS could result in adverse comment from the External Auditor and failure to comply with current guidance.
Equalities Impact Screening	Not Applicable
Human Rights	Not Applicable
Transformational Government	Not Applicable
Consultees	None
Background papers	None
Recommendations	THAT THIS COMMITTEE APPROVES THE ANNUAL GOVERNANCE STATEMENT (AS ATTACHED TO THIS REPORT AT APPENDIX 1)

1.0 BACKGROUND

- 1.1 An Annual Governance Statement (AGS) is a requisite part of the annual review of corporate governance and is usually published alongside the statement of accounts. It is good practice to consider the AGS in its own right.
- 1.2 The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have issued joint guidance on corporate governance. This requires the AGS to go beyond just considering the internal control environment, and to look at wider arrangements supporting a sound corporate governance framework
- 1.3 The CIPFA/SOLACE guidance outlines six core principles for good governance, with a number of supporting principles. These are:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money

Members and officers working together to achieve a common purpose with clearly defined functions and roles

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of any scrutiny functions
- Ensuring that a constructive working relationship exists between the authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- Ensuring that organisational values are put into practice and are effective

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- Ensuring that an effective risk management system is in place
- Using their legal powers to the full benefit of the citizens and communities in their area

Developing the capacity and capability of members and officers to be effective

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal

Engaging with local people and other stakeholders to ensure robust public accountability

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships
- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

2.0 THE ANNUAL GOVERNANCE STATEMENT

- 2.1 The Annual Governance Statement which has been prepared in accordance with the appropriate guidance is no longer included in the statement of accounts but is still subject to audit and requires final approval from this Committee.
- 2.2 The Council's governance framework is summarised in Section 3 of the AGS, and was in place throughout 2015-16. This committee plays a key role in overseeing the operation of the framework, including:
- approving the annual Internal Audit plan,
 - receiving quarterly updates on the work of Internal Audit,
 - receiving the annual Internal Audit report,
 - receiving reports from the external auditors.
- 2.3 This ongoing work of the committee culminates in the consideration of the Annual Governance Statement.
- 2.4 Section 4 of the AGS summarises the review process that has been undertaken to review the effectiveness of the Council's Governance Statement, and the sources of evidence that have been considered as part of the review. The committee's role is to determine whether they consider that the review has been rigorous and thorough.
- 2.5 Section 5 of the AGS sets out any significant issues which have arisen from the review of effectiveness, and proposals for addressing them. The committee should ensure that any issues arising include any matters they have become aware of from their ongoing work during the year, and that they are satisfied that appropriate corrective actions are proposed.
- 2.6 If required, Section 6 of the AGS has to include a section on any relevant significant post balance sheet events which may occur up until the signing of the final statement of accounts. For 2015/16 we have included a reference to the EU Referendum held on 23

June 2016 in which the citizens of the UK voted to leave the EU. This is a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

- 2.7 The Council's external auditors, KPMG, have reviewed the AGS and confirmed that it complies with the CIPFA/SOLACE framework and that it is not misleading or inconsistent with any other information they are aware of from their audit of the financial statements.
- 2.8 After this Committee gives its approval to the AGS it will be signed by the Leader of the Council and the Chief Executive.